
A BILL FOR AN ACT

RELATING TO MANDATORY VESSEL INSURANCE COVERAGE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that owning and operating
2 a recreational vessel can provide many hours of enjoyment and a
3 source of income, as well as a way to harvest food from the
4 ocean. However, there are many responsibilities and potential
5 hazards that accompany vessel operation, including the elements,
6 other vessels, and the risk of a vessel grounding or sinking.
7 Vessels are a serious investment and can create significant
8 costs in the event of an unexpected accident.

9 Since 2002, the department of land and natural resources
10 division of boating and ocean recreation has expended in excess
11 of \$2,200,000 from the boating special fund to address vessels
12 aground, derelict vessels, and abandoned vessels in waters of
13 the State. In addition to environmental damage from grounded
14 vessels, the State sometimes incurs all costs involved in
15 removing a grounded vessel if the vessel is uninsured. The
16 State has no way to recoup most of these costs because a
17 significant number of grounded vessels are uninsured.



1 Since 2009, the division of boating and ocean recreation
2 has required vessels moored in state small boat harbors to be
3 insured as a condition of obtaining a mooring permit but has no
4 mechanism for addressing insurance concerns, in particular, for
5 the numerous trailered vessels that are not stored on property
6 of the department or in a state facility.

7 The legislature finds that vessel insurance coverage helps
8 to ensure that in the event of injury to another person, damage
9 to property, a grounding, or a sinking, the registered boat
10 owner's insurance policy will be able to remedy any related
11 costs.

12 The purpose of this Act is to require certain vessel owners
13 operating a vessel required to be registered with the State or
14 being operated in state ocean waters with valid documentation
15 from the United States Coast Guard, and certain grounded
16 vessels, to obtain vessel insurance.

17 SECTION 2. Chapter 200, Hawaii Revised Statutes, is
18 amended by adding a new section to be appropriately designated
19 and to read as follows:

20 "§200- Vessel insurance. (a) This section shall apply
21 to:



1 (1) All owners of vessels originally manufactured with a
2 length of twenty-six feet or more that are:

3 (A) Required to be registered pursuant to section
4 200-31(a); or

5 (B) Operated in state ocean waters with a valid
6 documentation number from the United States Coast
7 Guard; and

8 (2) Owners of vessels originally manufactured with a
9 length of less than twenty-six feet who were or are
10 the registered owner of a grounded vessel located
11 anywhere in the State or state ocean waters.

12 (b) All owners of vessels subject to this section pursuant
13 to subsection (a) shall obtain insurance coverage with a limit
14 of not less than \$100,000 per occurrence, in a form and content
15 to ensure that removal and salvage of a grounded vessel are
16 covered; provided that the vessel owner may provide alternative
17 proof of insurance, approved by the department, to comply with
18 this section.

19 (c) The board of land and natural resources may grant an
20 exemption from the marine insurance coverage requirement of this
21 section for a transient vessel not moored in a state small boat



1 harbor, offshore mooring area, or other facility under the
2 jurisdiction of the department; provided that the board finds
3 that there is good cause and that there are extraordinary
4 circumstances necessitating the exemption.

5 (d) The department may adopt rules pursuant to chapter 91
6 to carry out the purposes of this section.

7 (e) For the purposes of this section:

8 "Grounded vessel" means a vessel that made contact with the
9 bed of a body of water and cannot move from the position under
10 its own power.

11 "Transient vessel" means any vessel visiting the State for
12 a period of less than ninety days."

13 SECTION 3. New statutory material is underscored.

14 SECTION 4. This Act shall take effect on December 31,
15 2050.



Report Title:

BLNR; DLNR; Mandatory Vessel Insurance; State Small Boat Harbors

Description:

Requires owners of vessels originally manufactured at a length of 26 feet or more, or less than 26 feet if the owner also owns or owned a vessel that is or was grounded, who are required to be registered with the State or required to be documented by the United States Coast Guard, to obtain marine insurance. Specifies the type and minimum amount of marine insurance coverage required. Allows the Board of Land and Natural Resources to exempt certain transient vessels from the marine insurance requirement, under certain conditions. Authorizes the Department of Land and Natural Resources to adopt administrative rules concerning marine insurance. Effective 12/31/2050. (SD2)

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